

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6711

BILL NUMBER: HB 1258

DATE PREPARED: Dec 18, 2000

BILL AMENDED:

SUBJECT: Income Tax Deduction for Property Taxes Paid on Residence.

FISCAL ANALYST: Brian Tabor

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies that the deduction from Indiana adjusted gross income (AGI) that is allowed for property taxes paid by an individual on the individual's residence includes any special benefits taxes or exceptional benefits assessments paid to a conservancy district.

Effective Date: Upon passage.

Explanation of State Expenditures: The Department of State Revenue may incur additional administrative expenses associated with the revision of tax forms, instructions, and compliance. However, the Department should be able to absorb these costs given its current resources.

Explanation of State Revenues: *This bill would not impact state Individual AGI Tax revenue as it simply clarifies current practice.*

Under current law, individuals may deduct from their taxable income up to \$2,500 in property taxes paid on their principal place of residence. This bill specifies that special benefits taxes and exceptional benefits assessments paid to a conservancy district are included as property taxes for purposes of the \$2,500 deduction. According to the Department of State Revenue (DOR), special benefits taxes and exceptional benefits assessments paid to a conservancy district are now considered to be property taxes, and this proposal would essentially codify current DOR practice with respect to this deduction.

Individual AGI Tax revenue is deposited in the General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Department of State Revenue.